



NEWS RELEASE

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BLM Oil and Gas Lease Sale Nets \$8.1 Million

Santa Fe—The Bureau of Land Management leased 64 parcels in New Mexico, Texas and Oklahoma today totaling 33,234 acres of Federal land at its quarterly oil and gas lease sale. The sale netted \$8,148,180 in revenue, including \$7,867,954 from 54 parcels in New Mexico.

“Sixty-four of the 66 parcels offered in today’s sale received bids,” said Linda Rundell, BLM’s New Mexico State Director. “BLM has a crucial role in helping provide for the nation’s energy supply, while meeting its conservation and multiple-use mandates in a manner that protects our unique landscapes and valuable natural resources.”

In general, half of the revenues from the Bureau’s oil and gas lease sales are returned to the U.S. Treasury and half to the States where the mineral lease occurs, Rundell added. New Mexico will receive over \$3.9 million from this sale. In 2003, 36 states received a total of \$1.1 billion as their share of all Federal mineral revenues; New Mexico received well over \$300 million.

The Mineral Leasing Act of 1920 and the 1987 Federal Onshore Oil and Gas Leasing Reform Act authorize leasing of Federal oil and gas resources. The 1987 law requires each BLM state office to conduct oil and gas lease sales on at least a quarterly basis. BLM lease sales are competitive and conducted by oral bidding.

Less than one percent of the acreage managed by BLM experiences surface disturbance from oil and gas activity. To minimize such impacts (the “footprint”) on the land, BLM analyzes the potential environmental effects from exploration and development before offering any leases for sale. All leases come with stipulations (requirements) on oil and gas activities to protect the environment; stipulations can also include specific restrictions, such as limits on seasons when drilling can occur and restrictions on surface occupancy by oil and gas operators.

For example, at this sale BLM included a ‘no surface occupancy’ stipulation on two of the New Mexico parcels to protect habitat for the lesser prairie chicken and the sand dune lizard. Directional drilling from less sensitive lands would be required to develop the resources of the parcels, which yielded \$131,200 in bonus bids.

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Once an operator proposes exploration or development on a BLM-issued lease, the Bureau carries out further environmental analysis under the National Environmental Policy Act and determines the site-specific need for various types of impact-limiting or "mitigation" measures. These measures include revegetation, which controls soil erosion and helps curb the spread of weeds; the strategic placement of above-ground structures and machinery, with colors that blend in with the landscape, so as to reduce visual impacts; the establishment of any necessary buffer zones so that oil and gas activity does not adversely affect certain types of wildlife habitat; and the burying of powerlines or pipelines under or adjacent to access roads to protect wildlife and minimize visual impacts.

The BLM carries out its mission under the Federal Land Policy and Management Act, which directs the agency to manage the public lands for multiple uses while protecting natural, historical, and other resources of these lands. Environmentally sound production of domestic energy from fossil and renewable resources is an important part of the BLM's multiple-use mission, and energy from Federally managed sources accounts for more than 30 percent of America's energy production.

Government estimates indicate that Federal lands contain about 68 percent of all undiscovered U.S. oil and 74 percent of undiscovered natural gas. A detailed oil and gas inventory by the Interior and Energy Departments found that Federal lands in five key Western geologic basins – located in Montana, Wyoming, Utah, Colorado, and New Mexico – contain nearly 140 trillion cubic feet of natural gas. That is enough natural gas to supply the 56 million homes now using natural gas for the next 30 years.

The BLM, an agency of the U.S. Department of the Interior, manages more land – 261 million surface acres – than any other Federal agency. Most of this land is in 12 Western states, including Alaska. The Bureau also administers 700 million acres of subsurface mineral estate throughout the nation.

Results of today's lease sale by state are as follows:

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|-------|---------------------------------|-------------------|-----------------|
| NM | 54 parcels sold [56 offered] | 30,938 acres sold | \$7,867,953.50* |
| OK | 7 parcels sold [7 offered] | 1,375 acres sold | \$ 157,847.00* |
| TX | 3 parcels sold [3 offered] | 921 acres sold | \$ 122,379.50* |
| Total | 64 parcels sold | 33,234 acres sold | \$8,148,180.00* |

*Includes bonus bids and fees, including rentals for first year.